

Message Text

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21

ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 CIAE-00

INR-07 NSAE-00 SSO-00 INRE-00 /059 W

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 9021

LIMITED OFFICIAL USE TOKYO 4098

PASS TREASURY FOR SUCHMAN

E.O. 11652: N/A

TAGS: EFIN, JA

SUBJECT: GOJ EXPORT PROMOTION: ACCELERATED DEPRECIATION

REF: (A) FAUVER/ESCOUBE TELCON; (B) TOKYO A-134,
2/18/72; (C) TOKYO 5458, 5/25/72

1. IN ANSWER TO REF A, EMBASSY PROVIDES THE FOLLOWING
INFORMATION ON TERMINATION OF THE ACCELERATED DEPRECIATION
ALLOWANCE ON EXPORT TRANSACTIONS (DESCRIBED ON P. 3, REF B).

2. THIS TAX INCENTIVE (CALLED YUSHUTSU TOKUBETSU SHOKYAKU
IN JAPANESE) WAS ABOLISHED EFFECTIVE 4/1/1972 IN ACCORDANCE
WITH LAW NO. 14 OF 1972 (CABINET ORDER NO. 75) AND
FINANCE MINISTERIAL ORDINANCE NO. 24 DATED 4/15/1972 (AS
REPORTED REF C).

3. WELL INFORMED PRICE WATERHOUSE LOCAL BRANCH MANAGER
CONFIRMS EMBASSY UNDERSTANDING THAT CHANGE IN LAW
ELIMINATED PRIVILEGE OF TAKING ACCELERATED DEPRECIATION
BEGINNING WITH FINANCIAL YEARS ENDING AFTER 3/31/1972.
THEREAFTER COMPANIES OBLIGED TO APPLY STRAIGHT LINE OR
DECLINING BALANCE METHOD TO OUTSTANDING UNDERPRECIATED
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VALUE OF INVESTMENT. CONSEQUENTLY FURTHER TAX PRIVILEGES

UNDER THIS MEASURE PROMPTLY TERMINATED.

4. ACCORDING TO SAME MANAGER A FEW JAPANESE COMPANIES
TOOK OPTION OF CREATING TAX FREE RESERVE INSTEAD OF
TAKING ACCELERATED DEPRECIATION. IN THAT EVENT COMPANIES
HAD TO RETURN TO INCOME OVER TEN YEAR PERIOD AMOUNTS SET
ASIDE AS RESERVE, AND IN THESE RARE INSTANCES FAVORABLE
TAX TREATMENT WOULD STILL BE CREATING LINGERING BENEFIT.

SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TAX LAW, TRADE PROMOTION, DEPRECIATION, TAX PRIVILEGES
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Copy: SINGLE
Draft Date: 31 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Film Number: D750110-0932
From: TOKYO
Handling Restrictions: n/a
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Office: ACTION EA
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Margaret P. Grafeld
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EO Systematic Review
05 JUL 2006

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Status: NATIVE
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TAGS: EFIN, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006